



UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

October 2024 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

EDWARD MICHAEL GREER,

Defendant.

CR 8:25-CR-00029 -JVS

I N D I C T M E N T

[26 U.S.C. § 7201: Attempt to
Evade and Defeat Income Tax]

The Grand Jury charges:

A. INTRODUCTORY ALLEGATIONS

At times relevant to this indictment:

1. Defendant EDWARD MICHAEL GREER ("GREER"), a resident of Newport Beach, California, was the president and sole owner of Greer & Kirby Co. Inc. ("G&K"), an insurance salvage company headquartered in La Mirada, California.

2. Defendant GREER also owned other business entities, including C&M Chicago Enterprise LLC ("C&M Chicago") and Fredco Sales and Leasing Co. Inc. ("Fredco"). Collectively, the three companies are referred to as the "Greer Entities."

1 3. The Internal Revenue Service ("IRS") was an agency of the
2 United States Department of the Treasury, responsible for
3 administering the tax laws of the United States and collecting taxes
4 owed to the United States.

5 4. IRS Form 1040, U.S. Individual Income Tax Return ("Form
6 1040"), was a form used by U.S. taxpayers to file their annual income
7 tax returns. IRS Form 1040X, Amended U.S. Individual Income Tax
8 Return ("Form 1040-X"), was a form used by U.S. taxpayers to amend
9 their annual income tax returns.

10 5. IRS Form 1120-S, U.S. Income Tax Return for an S
11 Corporation ("Form 1120-S") was a form used by businesses that
12 elected to be treated as an S Corporation to report information such
13 as income, deductions, and credits. S Corporations do not pay taxes
14 on income; instead, any profits or losses flow through to the
15 shareholders.

16 6. Schedule K-1, Shareholder's Share of Income, Deductions and
17 Credits, etc. ("Schedule K-1"), was a form used to report a
18 shareholder's share of an S Corporation's income, deductions,
19 credits, and other tax related items. A Schedule K-1 also reflected
20 any distributions, which are the payments of the business' equity to
21 a shareholder. Information from a Schedule K-1, including any
22 distributions, was used to calculate the shareholder's taxable
23 income.

24 7. Defendant GREER made all financial decisions for the Greer
25 Entities, including directing how expenses, income, and other items
26 were categorized in the G&K general ledger.

1 8. Defendant GREER controlled the following bank accounts
2 (collectively referred to as the "Greer Entities' Bank Accounts"),
3 including bank accounts held by G&K on behalf of two of its clients,
4 Client 1 and Client 2:

- 5 a. G&K account x4944
- 6 b. G&K account x9369
- 7 c. G&K Client 1 account x6191
- 8 d. G&K Client 2 account x9385
- 9 e. G&K investment account x7745
- 10 f. C&M Chicago account x4813
- 11 g. Fredco account x4975

12 9. From at least 2015 through 2019, defendant GREER paid more
13 than \$11,000,000 to bookmakers Wayne Nix and Ken Arsenian to cover
14 his personal sports gambling losses. Defendant GREER made these
15 payments out of the Greer Entities' Bank Accounts.

16 10. From at least 2016 through 2020, defendant GREER paid other
17 personal expenses out of the Greer Entities Bank Accounts, including
18 the purchase of a personal vehicle and mortgage and property tax
19 payments for his personal residence.

20 11. Individual 1 was a Controller for G&K. Defendant GREER
21 instructed Individual 1 regarding the categorization of defendant
22 GREER's gambling and other personal expenses in the G&K general
23 ledger. At defendant GREER's direction, his gambling and other
24 personal expenses were not categorized as distributions to defendant
25 GREER, but rather were concealed in other categories. The G&K general
26 ledger therefore falsely categorized defendant GREER's gambling and
27 other personal expenses, causing Individual 1 to prepare false profit
28 and loss statements and balance sheets for G&K.

1 12. To prepare the G&K Forms 1120-S, defendant GREER provided
2 his tax return preparer with the false profit and loss statements and
3 balance sheets. Defendant GREER did not provide the general ledger or
4 bank statements to his tax return preparer.

5 13. Defendant GREER filed and caused to be filed Forms 1120-S
6 for G&K and Forms 1040 for himself based on information from the
7 false profit and loss statements and balance sheets for at least tax
8 years 2015 through 2020.

9 14. In or around March 2021, the IRS audited G&K's Form 1120-S
10 and defendant GREER's Form 1040 for tax year 2018. In or around
11 October 2021, defendant GREER's tax return preparer asked defendant
12 GREER to identify all personal expenses in G&K's general ledgers.
13 Defendant GREER provided incomplete and false information regarding
14 his gambling and other personal expenses on the 2018 and 2019 G&K
15 general ledgers. Further, defendant GREER lied to his tax return
16 preparer about the extent of his gambling and personal expenditures
17 concealed in the G&K general ledgers for other years.

18 15. In or about February 2022, defendant GREER filed and caused
19 to be filed amended Forms 1120-S and Forms 1040X that removed only
20 some of the false business deductions for tax years 2018 and 2019.

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COUNT ONE

[26 U.S.C. § 7201]

16. The Grand Jury realleges and incorporates by reference paragraphs 1 through 15 of this Indictment here.

17. From in or about January 2017, through in or about October 2018, in the Central District of California and elsewhere, defendant EDWARD MICHAEL GREER willfully attempted to evade and defeat income tax due and owing by him to the United States of America, for calendar year 2017, by committing the following affirmative acts, among others:

a. Using funds from the Greer Entities' Bank Accounts to pay defendant GREER's personal gambling expenses;

b. Directing Individual 1 to falsely categorize defendant GREER's personal gambling expenses in the G&K general ledger as "suspense account";

c. Concealing the payment of defendant GREER's personal gambling expenses from the Greer Entities' Bank Accounts to illegal bookmakers by (1) directing bookmakers to accept payments made payable to entities with names unassociated with gambling, and (2) paying certain individual gambling expenses using multiple checks from different Greer Entities' Bank Accounts;

d. Using funds from the Greer Entities' Bank Accounts to pay for defendant GREER's other personal expenses, including mortgage and property tax payments for defendant GREER's personal residence;

e. Directing Individual 1 to falsely categorize defendant GREER's personal mortgage and property tax payments as business expenses in the G&K general ledger, including as "interest expense" and "property tax";

1 f. Providing and causing to be provided to G&K's tax
2 return preparer profit and loss statements that falsely characterized
3 other personal expenses as business expenses and balance sheets that
4 falsely reported no shareholder distributions;

5 g. Filing and causing to be filed, in or about September
6 2018, a false 2017 Form 1120-S for G&K;

7 h. Filing and causing to be filed, in or about September
8 2018, a false 2017 Form 1040 for defendant GREER.

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COUNT TWO

[26 U.S.C. § 7201]

18. The Grand Jury realleges paragraphs 1 through 15 of this Indictment here.

19. From in or around January 2018, through in or about February 2022, in the Central District of California and elsewhere, defendant EDWARD MICHAEL GREER willfully attempted to evade and defeat income tax due and owing by him to the United States of America, for calendar year 2018, by committing the following affirmative acts, among others:

a. Using funds from the Greer Entities' Bank Accounts to pay defendant GREER's personal gambling expenses;

b. Directing Individual 1 to falsely categorize defendant GREER's personal gambling payments as business expenses in the G&K general ledger, including as "freight" and "consulting";

c. Concealing the payment of defendant GREER's personal gambling expenses from the Greer Entities' Bank Accounts to illegal bookmakers by (1) directing bookmakers to accept payments made payable to entities with names unassociated with gambling, and (2) paying certain individual gambling expenses using multiple checks from different Greer Entities' Bank Accounts;

d. Using funds from the Greer Entities' Bank Accounts to pay defendant GREER's other personal expenses, including mortgage and property tax payments for defendant GREER's personal residence;

e. Directing Individual 1 to falsely categorize defendant GREER's personal mortgage and property tax payments as business expenses in the G&K general ledger, including as "interest" and "property tax";

1 f. Providing and causing to be provided to G&K's tax
2 return preparer profit and loss statements that falsely characterized
3 personal gambling expenses and other personal expenses as business
4 expenses and balance sheets that falsely reported no shareholder
5 distributions;

6 g. Filing and causing to be filed, in or about November
7 2019, a false 2018 Form 1120-S for G&K;

8 h. Filing and causing to be filed, in or about December
9 2019, a false 2018 Form 1040 for defendant GREER;

10 i. Providing and causing to be provided to G&K's tax
11 return preparer records and information that falsely characterized
12 defendant GREER's gambling and other personal expenses as business
13 expenses to prepare amended tax returns for G&K;

14 j. Filing and causing to be filed, in or about February
15 2022, a false amended 2018 Form 1120-S for G&K;

16 k. Filing and causing to be filed, in or about February
17 2022, a false 2018 Form 1040X for defendant GREER.

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COUNT THREE

[26 U.S.C. § 7201]

20. The Grand Jury realleges paragraphs 1 through 15 of this Indictment here.

21. From in or around January 2019, through in or about February 2022, in the Central District of California and elsewhere, defendant EDWARD MICHAEL GREER willfully attempted to evade and defeat income tax due and owing by him to the United States of America, for calendar year 2019, by committing the following affirmative acts, among others:

a. Using funds from the Greer Entities' Bank Accounts to pay defendant GREER's personal gambling expenses;

b. Directing Individual 1 to falsely categorize defendant GREER's personal gambling payments as business expenses in G&K's general ledger, including as "outside labor" and "outside services";

c. Concealing the payment of defendant GREER's personal gambling expenses from the Greer Entities' Bank Accounts to illegal bookmakers by (1) directing bookmakers to accept payments made payable to entities with names unassociated with gambling, and (2) paying certain individual gambling expenses using multiple checks from different Greer Entities' Bank Accounts;

d. Using funds from the Greer Entities' Bank Accounts to pay defendant GREER's other personal expenses, including mortgage and property tax payments for defendant GREER's personal residence;

e. Directing Individual 1 to falsely categorize personal mortgage and property tax payments as business expenses in G&K's general ledger, including as "interest expense" and "property tax";

1 f. Providing and causing to be provided to G&K's tax
2 return preparer profit and loss statements that falsely characterized
3 personal gambling expenses and other personal expenses as business
4 expenses and balance sheets that falsely reported no shareholder
5 distributions;

6 g. Filing and causing to be filed, in or about September
7 2020, a false 2019 Form 1120-S for G&K;

8 h. Filing and causing to be filed, in or about October
9 2020, a false 2019 Form 1040 for defendant GREER;

10 i. Providing and causing to be provided to G&K's tax
11 return preparer records and information that falsely characterized
12 the gambling and other personal expenses as business expenses in
13 order to prepare amended tax returns for G&K;

14 j. Filing and causing to be filed, in or about February
15 2022, a false amended 2019 Form 1120-S for G&K;

16 k. Filing and causing to be filed, in or about February
17 2022, a false 2019 Form 1040X for defendant GREER.

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COUNT FOUR

[26 U.S.C. § 7201]

22. The Grand Jury realleges paragraphs 1 through 15 of this Indictment here.

23. From in or around January 2020, through in or about November 2021, in the Central District of California and elsewhere, defendant EDWARD MICHAEL GREER willfully attempted to evade and defeat income tax due and owing by him to the United States of America, for calendar year 2020, by committing the following affirmative acts, among others:

a. Using funds from the Greer Entities' Bank Accounts to pay defendant GREER's personal expenses, including mortgage and property tax payments for defendant GREER's personal residence and the purchase of a 2021 Mercedes Benz vehicle for defendant GREER's personal use;

b. Directing Individual 1 to falsely categorize personal mortgage and property tax payments as business expenses in the G&K general ledger, including as "interest expense" and "property tax";

c. Directing Individual 1 to falsely categorize a personal vehicle purchase in the G&K general ledger as "office expense";

d. Providing and causing to be provided to G&K's tax return preparer profit and loss statements that falsely characterized other personal expenses as business expenses and balance sheets that falsely reported no shareholder distributions;

1 e. Filing and causing to be filed, in or about November
2 2021, a false 2020 Form 1120-S for G&K;

3 f. Filing and causing to be filed, in or about November
4 2021, a false 2020 Form 1040 for defendant GREER.

5 A TRUE BILL

6
7 /s/
8 Foreperson

9 JOSEPH T. MCNALLY
10 Acting United States Attorney

11 *Lindsey Greer Dotson*

12 LINDSEY GREER DOTSON
13 Assistant United States Attorney
14 Chief, Criminal Division

15 KRISTEN A. WILLIAMS
16 Assistant United States Attorney
17 Chief, Major Frauds Section

18 SCOTT PAETTY
19 Assistant United States Attorney
20 Deputy Chief, Major Frauds
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22 JEFF MITCHELL
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25 JULIA M. RUGG
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